

bcc: D. Bartlett
M. Bring

Sent 4/19
MAM copy

PHILIP MORRIS

COMPANIES INC.

120 PARK AVENUE, NEW YORK, N.Y. 10017

MICHAEL A. MILES
CHAIRMAN
AND
CHIEF EXECUTIVE OFFICER

April 19, 1993

Mr. F. A. Furfari
117 Washington Road
Pittsburgh, PA 15221

Dear Mr. Furfari:

Thank you for your recent letter regarding the language in the Teamsters' Proposal on the Poison Pill. We are compelled by the proxy regulations of the Securities Exchange Commission to print a shareholder's proposal and supporting statement exactly as submitted, and that can even include misspelled words.

I am sorry to learn, however, that you had difficulty understanding our response. Let me try and clarify the entire matter:

The issue revolves around whether a company's shareholder rights plan, or Poison Pill, as it is sometimes known, has a negative effect on shareholder value. We believe it does not.

- The Resolution asks the Board of Directors to redeem the Company's Common Share Purchase Rights, unless the rights are approved by a majority of the outstanding shares.
- The Supporting Statement says that Poison Pills tend to entrench management by making the company very expensive for a hostile take-over. The proponents charge that this depresses the price of a company's stock, and they cite three studies showing this negative effect.
- Management's response disputes this statement. We believe that the opposite is true: namely that the Poison Pill encourages potential buyers to negotiate directly with the Board, which comprises largely outside directors. This should ensure that any offer ultimately negotiated will be fair to the shareholders. It is our belief that the price of the stock is totally unrelated to our having adopted a Rights Plan in 1989, and as proof, we referred to a graph on page 12 of the Proxy Statement which showed the extraordinary rise in the price of the stock from 1987 to 1992.

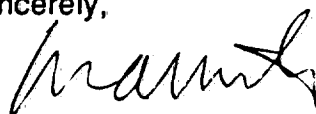
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I hope this explanation is helpful. I also want to take this opportunity to thank you for your confidence in Philip Morris. We regret that our recent action concerning PM USA's pricing has caused a decline in the price of our stock, but we are convinced that this action was necessary and should benefit our domestic cigarette business over time.

Thank you again for writing, and I hope we can count on your continued support as a Philip Morris shareholder.

Sincerely,

A handwritten signature in cursive script, likely reading "Philip Morris", positioned below the word "Sincerely,".

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